

STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL SERVICES DIVISION
P. O. BOX 942850
Sacramento, CA 94250-5878

DATE: January 16, 2018

PERSONNEL LETTER #18-004
(Civil Service Only)

TO: All Agencies in the Uniform State Payroll System

FROM: Marissa Revelino, Chief
Personnel/Payroll Services Division

RE: REVISED OUT OF STATE SUPPLEMENTAL HEALTH CARE PROGRAM CASH BENEFIT

This letter supersedes Personnel Letter 17-025. The State of California recently bargained a new cash benefit under the Out-of-State Supplemental Health Care Program (SHCP) for active Service Employees International Union (SEIU) - Local 1000 employees who are headquartered out of state and do not have access to enroll in a Health Maintenance Organization (HMO) health plan maintained by the California Public Employees' Retirement System (CalPERS). Current agencies with active SEIU - Local 1000 employees who are headquartered out of state are Franchise Tax Board (FTB) and California Department of Tax and Fee Administration (CDTFA).

The SHCP was effective April 1, 2017, and consists of a \$100.00 cash benefit per month (\$1,200.00 annually) to eligible employees. The State Controller's Office (SCO) has established Earnings ID 8CBA for the cash benefit. The earnings description on the employees' warrant will read "SHCPBENEFIT."

The SHCP cash benefit is taxable income to the employee. The following taxes could be withheld depending upon the employee's tax status: Federal income tax, State income tax, Social Security tax, Medicare tax, and State Disability Insurance tax. The aggregate tax withholding method will be used to compute the Federal and State income tax withholding amounts. The cash benefit is not subject to retirement withholdings and is not included in the calculation of an employee's overtime, disability, or lump sum pay rates. Refer to Section H in the Payroll Procedures Manual (PPM) for Income Tax information – http://www.sco.ca.gov/ppsd_ppm.html.

For additional information on the SHCP, refer to the current Memorandum of Understanding with SEIU – <http://www.calhr.ca.gov/state-hr-professionals/Pages/bargaining-contracts.aspx>.

ELIGIBILITY

Employees eligible for the cash benefit under the SHCP include active SEIU-represented employees and associated excluded employees who are headquartered out of state who are eligible for and enrolled in a CalPERS-sponsored Preferred Provider Organization health plan (e.g., PERS Choice, PERS Care) because they do not have access to enroll in a CalPERS-sponsored HMO health plan. Refer to the CalPERS website for information on Health plans – <https://www.calpers.ca.gov/>.

Employees are eligible for the cash benefit in the pay period in which their health coverage is effective beginning with the April 2017 pay period.

Example: Employee's effective date of eligible health coverage is January 1, 2018. The SHCP cash benefit is payable in the January 2018 pay period.

SPECIAL EMPLOYMENT HISTORY DOCUMENTATION/PROCESSING INSTRUCTIONS

The FTB and CDTFB must process a 350 EH transaction, effective January, 1, 2018 to remove Earnings ID 8CBA for all employees who have the Earnings ID locked-in.

Effective January 1, 2018, payments must be processed via PIP or submission of form STD. 674. Refer to Section G and Section K in the PPM for form processing and PIP keying instructions.

ONGOING ELIGIBILITY

Agencies are responsible for monitoring and verifying employees' ongoing eligibility. SCO will not provide a listing of employees receiving the cash benefit payments.

PAYROLL ADJUSTMENTS

Agencies shall submit Form STD. 674 to request payments and adjustments for SHCP cash benefit payments that issued incorrectly for April 2017 – December 2017 pay periods.

Please direct questions concerning the SHCP cash benefit as follows:

<u>SUBJECT AREA</u>	<u>CONTACT</u>	<u>TELEPHONE NUMBER</u>
Program Administration (e.g., rules, regulations, benefits/pay impacts)	Personnel Services Branch CalHR	(916) 323-3343
General Payroll Procedures Disability Payroll Procedures Employment History Procedures	Customer Contact Center SCO	(916) 372-7200

MR:CL:PMAB